

Economics Exam #4

Ch 4, Sec 1

Ch 5, Sec 1 plus Supply and Demand notes

Leavins

1. The study of economic behavior at the level of the individual and the firm is known as what?
 - a. Macroeconomics
 - b. Microeconomics
 - c. Firmonomics
 - d. Barternomics
 - e. Alchemy
2. The major element(s) necessary to qualify for economic demand is/are what?
 - a. The desire for a product
 - b. The ability to purchase the product at a given price
 - c. The willingness to purchase the product at a given price
 - d. A and B
 - e. A, B, and C
3. One could say that Bill Gates (a very, very rich person) has economic demand for rib eye steak if he likes rib eye steak.
 - a. True
 - b. False
4. If a person is has desire, ability, and willingness to purchase a product, what additional factor needs to be known, in terms of economic demand?
 - a. Whether making the purchase is a wise decision
 - b. Whether making the purchase is moral and ethical
 - c. How many units of the product does the person want at a given price
 - d. How many other people also want that same product at a given price
 - e. All of the above

5. Let's say that a random person named Pete wants likes Baseball caps, has the ability to buy baseball caps within a certain price range, and is willing actually to buy them. Now, if Pete is willing to 3 baseball caps if the price for each cap is \$15, then if the price goes down to \$10 per cap, which number of baseball caps is Pete **realistically more likely** to buy?
- 1,000,000 caps
 - 5 caps
 - 1 cap
 - 0 caps
6. Now, let's say that the price of baseball caps suddenly jumps from \$10 per cap to \$20 per cap. Which of the following numbers of caps is Pete **realistically more likely** to buy?
- Actually we know that he will try to sell the hats that he already owns
 - 5 caps
 - 2 caps
 - We now know that Pete cannot afford caps, due to their extremely high prices
 - All of the above
7. The amount of a product demanded by a person at a given price is called what?
- Quantity demanded
 - Quantity supplied
 - Free market exchange
 - Elasticity of demand
 - Elasticity of supply
 - All of the above
 - A and B only
8. While the numbers used by Mr. Leavins have been using were made up by him, the numbers do have a what?
- Null set error
 - Logical relationship
 - Neverending rounding puzzle on par with pi
 - Rhyme

9. As price increases, what decreases?
 - a. Nothing---it would be illogical
 - b. Quantity Supplied
 - c. Quantity Demanded
 - d. Prices for other goods
 - e. Everything
10. What exists as an inverse relationship?
 - a. Price and quantity supplied
 - b. Price and quantity demanded
 - c. Customers and Employers
 - d. Price and Quality
 - e. Everything
11. In economic demand, what is the independent variable?
 - a. Quantity demanded
 - b. Quantity supplied
 - c. Aggregate demand
 - d. Aggregate supply
 - e. Price
 - f. Government regulation
12. In economic demand, what is the dependent variable?
 - a. Quantity demanded
 - b. Quantity supplied
 - c. Aggregate demand
 - d. Aggregate supply
 - e. Price
 - f. Government regulation
13. In economic demand, as price goes up?
 - a. Quantity demanded goes up
 - b. Quantity demanded goes down
 - c. Quantity demanded does not change
 - d. Quantity demanded ceases to exist, by definition
14. In economic demand, as price goes down?
 - a. Quantity demanded goes up
 - b. Quantity demanded goes down
 - c. Quantity demanded does not change
 - d. Quantity demanded ceases to exist, by definition

15. We have a demand curve if we do what?
- a. Guess the correct future prices of a product in the real world
 - b. Accurately forecast the introduction of new products into a general free market economy that is governed with minimum subsidy, regulation, and prohibition
 - c. Plot the relationships between quantity demanded and price, and connect the dots
 - d. Plot the relationship between quantity supplied and price, and connect the dots
 - e. "Assume that there is a can-opener," that is, any commodity that would be needed to facilitate the three basic economic questions
16. A supplier is basically a what?
- a. A buyer
 - b. A seller
 - c. A consumer
 - d. A market
17. Economic supply certainly involves what?
- a. Voluntary selling
 - b. Selling of a particular good or service
 - c. The selling of a good/service at specific amounts at specific prices
 - d. All of the above
18. In economic supply, as price goes up?
- a. Quantity demanded goes up
 - b. Quantity supplied goes up
 - c. Quantity supplied goes down
 - d. Quantity supplied stays the same
 - e. Quantity supplied disappears
19. For our purposes here, the amount of goods/services that a person is willing to sell is a function of what?
- a. Tradition
 - b. Duty
 - c. Honor
 - d. Price
 - e. A, B, and C
 - f. None of these

20. The seller must consider the relationship between a realistic amount of goods/services he might be able to sell at a given price. Also, he must take into consideration his production capacity. Also he must take into consideration what it will cost him to produce each additional unit of a good/service.
- True
 - False
21. Which is trickier to explain, Quantity Demanded or Quantity Supplied?
- Quantity demanded
 - Quantity supplied
 - Neither, thanks to online education
 - We have no way of knowing
22. In terms of supply, price “moves” in the same direction as what?
- Quantity demanded
 - Quantity supplied
 - Price does move
 - Nothing moves like a price level—it’s an existential impossibility
23. A supply curve has what kind of slope?
- Positive
 - Negative
 - Neutral
 - Supply does not have a curve
24. A demand curve has what kind of slope?
- Positive
 - Negative
 - Neutral
 - Demand does not have a curve
25. In terms of supply, what is the independent variable?
- Quantity demanded
 - Quantity supplied
 - The Free Market
 - The Human Will
 - Price
26. In terms of supply, what is the dependent variable?
- Quantity demanded
 - Quantity supplied
 - The Free Market
 - The Human Will
 - Price

27. If a seller were to offer a new amount of products at the same of prices, then you have a change in what?
- a. Demand
 - b. Supply
 - c. Quantity demanded
 - d. Quantity supplied
 - e. All of the above
28. If a furniture-maker loses some of his best craftsmen to the bubonic plague, and his new workers are a bunch of slackers who sit around all day killing video game Zombies, thus decreasing output, then the supply curve will move in what direction?
- a. Right
 - b. Left
 - c. Stay the same
 - d. There is no such thing as a supply curve
29. But...if the furniture-maker were to replace his video-game-playing slacker workforce with some highly skilled new workers from another place, thereby increasing output, then the supply curve would move in what direction?
- a. Right
 - b. Left
 - c. Stay the same
 - d. There is no such thing as a supply curve
30. Under a situation of market equilibrium, quantity supplied will be what, in relation to quantity demanded?
- a. Greater than
 - b. Lesser than
 - c. Equal to
 - d. We have no way of knowing with the information provided
31. Under a situation of market shortage, quantity supplied will be what, in relation to quantity demanded?
- a. Greater than
 - b. Lesser than
 - c. Equal to
 - d. We have no way of knowing with the information provided
32. Under a situation of market surplus, quantity supplied will be what, in relation to quantity demanded?
- a. Greater than
 - b. Lesser than
 - c. Equal to
 - d. We have no way of knowing with the information provided

33. If price is set below equilibrium price, you will have what market situation?
- a. Market equilibrium
 - b. Market shortage
 - c. Market surplus
 - d. A change in supply
 - e. A change in demand
34. If price is set above equilibrium price, you will have what market situation?
- a. Market equilibrium
 - b. Market shortage
 - c. Market surplus
 - d. A change in supply
 - e. A change in demand
35. If price is set at equilibrium price, you will have what market situation?
- a. Market equilibrium
 - b. Market shortage
 - c. Market surplus
 - d. A change in supply
 - e. A change in demand
36. At the end of a given period, if you have products left on the “shelves,” and no customers waiting in line, you have what market situation?
- a. Equilibrium
 - b. Shortage
 - c. Surplus
 - d. Supply reduction
 - e. Supply increase
 - f. Demand reduction
 - g. Demand decrease
37. At the end of a given period, if you have empty shelves, and no additional customers wanting the product, you have what market situation?
- a. Equilibrium
 - b. Shortage
 - c. Surplus
 - d. Supply reduction
 - e. Supply increase
 - f. Demand reduction
 - g. Demand decrease

38. At the end of a given period, you have empty shelves, but you have customers waiting in line wanting the product, you have what market situation?
- a. Equilibrium
 - b. Shortage
 - c. Surplus
 - d. Supply reduction
 - e. Supply increase
 - f. Demand reduction
 - g. Demand increase
39. If the Three Bears set their prices for porridge too high, they will have what market situation?
- a. Equilibrium
 - b. Shortage
 - c. Surplus
 - d. Supply differentiation
 - e. Demand differentiation
40. If the Three Bears set their prices for porridge too low, they will have what market situation?
- a. Equilibrium
 - b. Shortage
 - c. Surplus
 - d. Supply differentiation
 - e. Demand differentiation
41. If the Three Bears set their prices for porridge just right, they will have what market situation?
- a. Equilibrium
 - b. Shortage
 - c. Surplus
 - d. Supply differentiation
 - e. Demand differentiation